



Gurunavi, Inc.

INVESTOR PRESENTATION

Financial Results for the Fiscal Year ended March 31, 2017

(Stock Code: 2440)



- **Made record profits, despite continued active investment**
- **EPS increased by 13% YoY, exceeding initial forecasts**
(due to reduction of legal effective tax rate and share buyback)
- **Member restaurants increased 7% YoY**

Net sales	JPY 36,979 million	+6.8% YoY
Operating income	JPY 6,740 million	+4.8% YoY
Operating income on net sales	18.2%	(0.3 percentage points) YoY
Profit attributable to owners of parent	JPY 4,799 million	+9.9% YoY
Basic earnings per share (EPS) *	JPY 102.25	+13.4% YoY
Return on equity	25.1%	+1.9 points YoY

*Average number of shares issued excluding treasury shares FY2015 : 48,431,510 shares FY2016 : 46,931,986 shares

Number of member restaurants (paid)	60,886 (At the end of March 2017)	+6.9% YoY
Number of unique users	61 million (In December 2016; 57 million users/month in December 2015)	
Number of Gurunavi members	14.89 million (As of April 1, 2017; 13.97 million members as of April 1, 2016)	

Consolidated income statement

(JPY million)	FY2015	Ratio to sales	FY2016	Ratio to sales	YoY Increase
Net Sales	34,617	100.0%	36,979	100.0%	6.8%
Cost of sales	8,626	24.9%	8,832	23.9%	2.4%
Gross profit	25,990	75.1%	28,146	76.1%	8.3%
SG&A expenses	19,560	56.5%	21,406	57.9%	9.4%
Operating income	6,429	18.6%	6,740	18.2%	4.8%
Ordinary income	6,492	18.8%	6,813	18.4%	4.9%
Profit before income taxes	6,485	18.7%	6,813	18.4%	5.1%
Profit attributable to owners of parent	4,367	12.6%	4,799	13.0%	9.9%

Consolidated sales breakdown

(JPY million)	FY2015	FY2016	YoY
Net Sales	34,617	36,979	6.8%
Restaurant promotion services	31,413	33,589	6.9%
Cumulative retained services	28,883	30,951	7.2%
Spot services	2,529	2,638	4.3%
Promotions	989	1,007	1.8%
Related businesses	2,214	2,381	7.6%

【 Restaurant promotion services 】

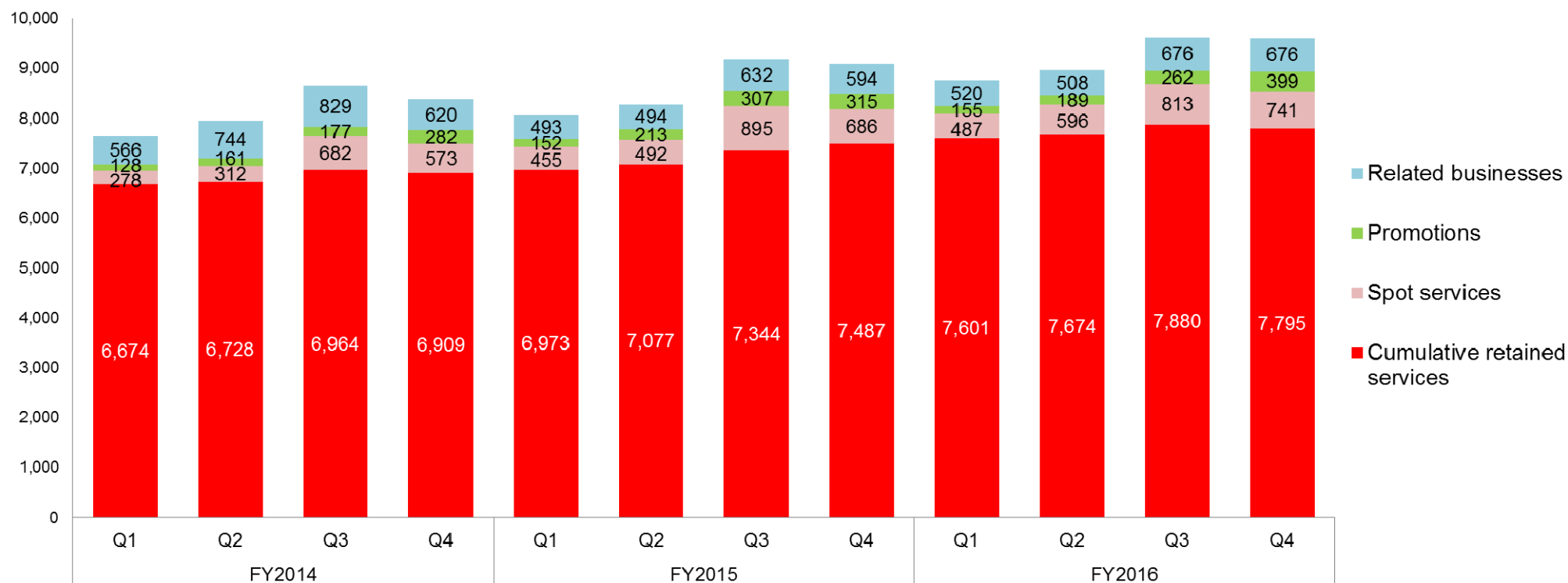
•Cumulative retained services

Due to effective regional measures and inbound measures

•Spot services

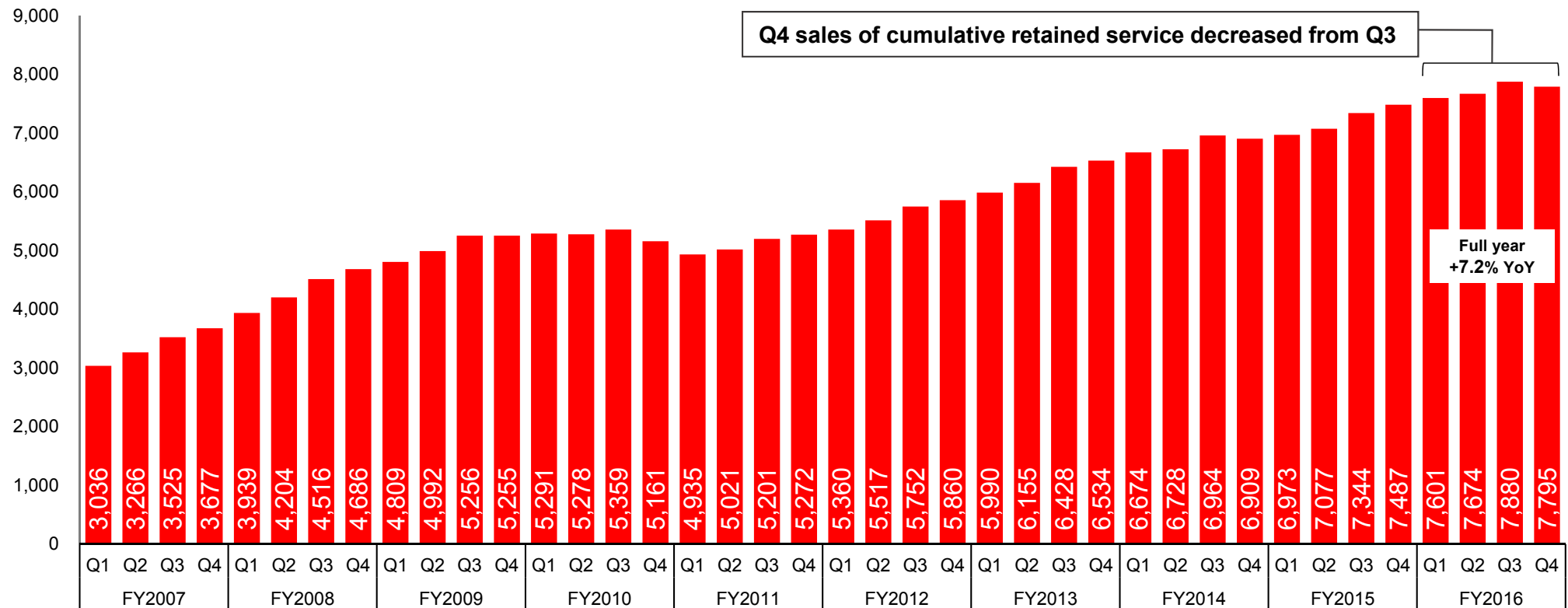
L Increased online reservation commission fees

(JPY million)



The recent trends of cumulative retained service sales

(JPY million)



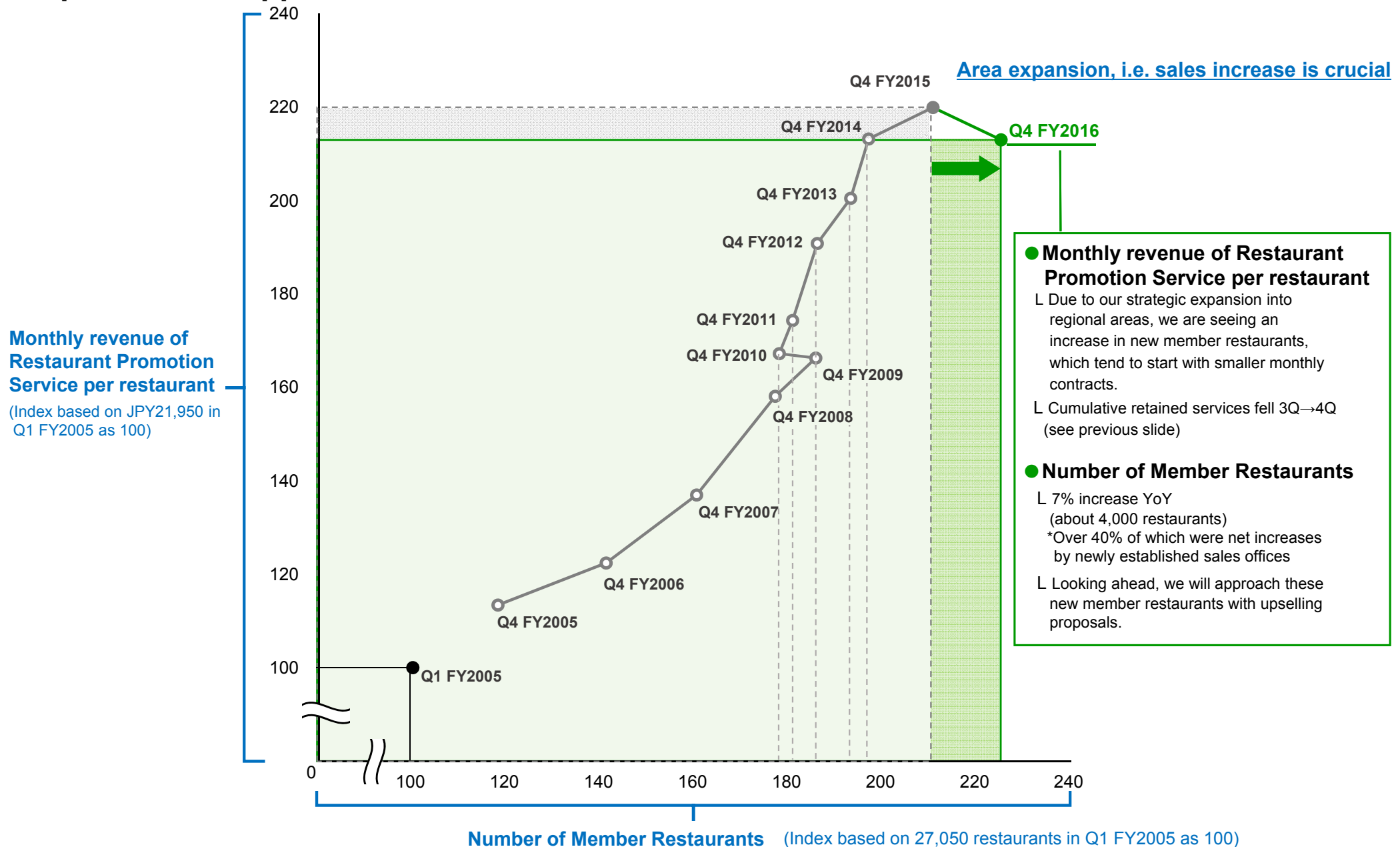
Main factor

Weak orders and increased contract reductions with major accounts

《 Current state of the Japanese restaurant market 》

- Decrease of household eating-out expenditure in year-end and new-year party season
- Reexamination of new store opening plan and reduction of the number of stores with the background of labor shortage and increase in wages.

■ Focus on expansion of member restaurants in anticipation of further growth in restaurant promotion support business



Consolidated cost breakdown

(JPY million)	FY2015	Ratio to sales	FY2016	Ratio to sales	Ratio change
Total Cost	28,187	81.4%	30,238	81.8%	0.3 p
Cost of Sales	8,626	24.9%	8,832	23.9%	(1.0 p)
SG&A	19,560	56.5%	21,406	57.9%	1.4 p
Personnel expenses	9,510	27.5%	9,833	26.6%	(0.9 p)
Rent expenses	1,366	3.9%	1,565	4.2%	0.3 p
Business consignment expenses	2,331	6.7%	2,658	7.2%	0.5 p
Advertising and promotion expenses	2,363	6.8%	2,773	7.5%	0.7 p
Other	3,989	11.5%	4,575	12.4%	0.9 p

Improvement of cost of sales ratio

Subcontract costs and labor costs increased due to promoting the key measures (construction of new media, production of contents etc.)

Decrease in depreciation & amortization cost due to mitigated amortization burden of high software investment in the past and decrease in loss on software retirement

Raising SGA ratio due to investment for growth

Increasing costs for implementation of the medium-term management plan.

L Increased recruitment and personnel costs following active hiring focused on planning and system development staff.

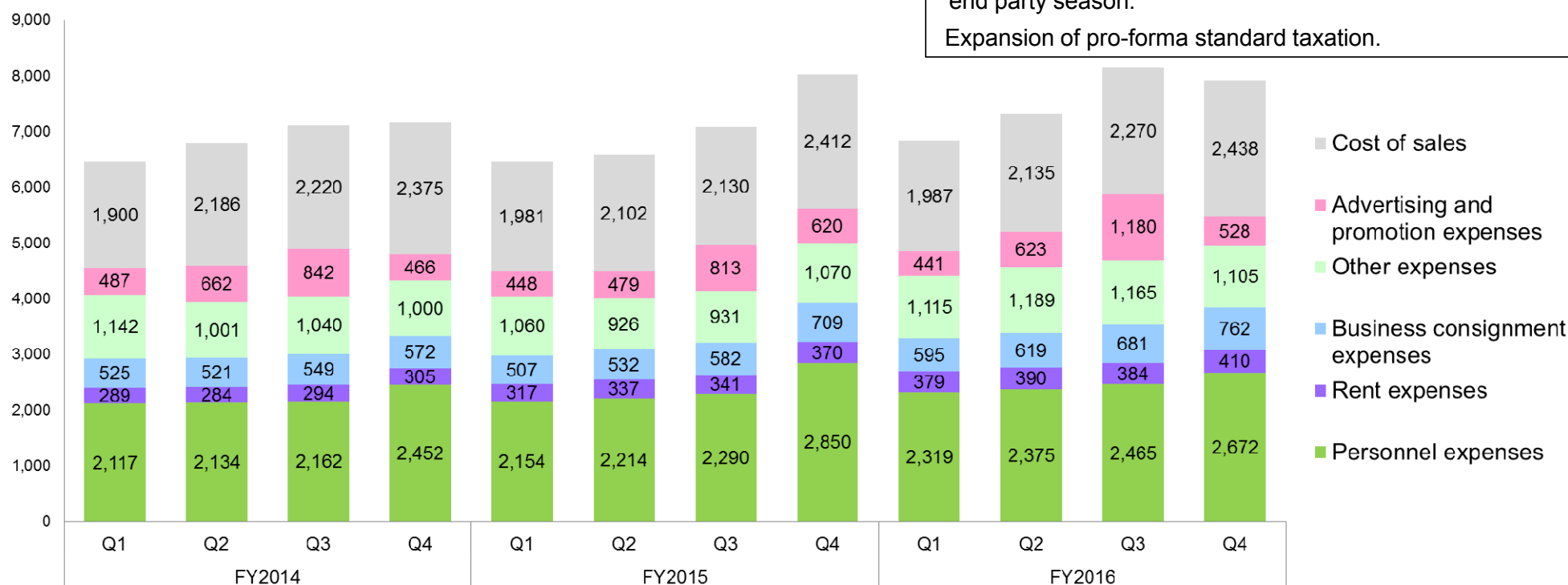
L Expenses incurred by enhancement of internal systems in preparation for expanding business areas.

L Advertising and promotion expenses and outsourcing costs according to promoting key measure.

Increase in advertising and promotion expenses during year-end party season.

Expansion of pro-forma standard taxation.

(JPY million)



■ **Acquisition of own shares amounted to 5.0 billion yen
and total dividends amounted to 2.0 billion yen**

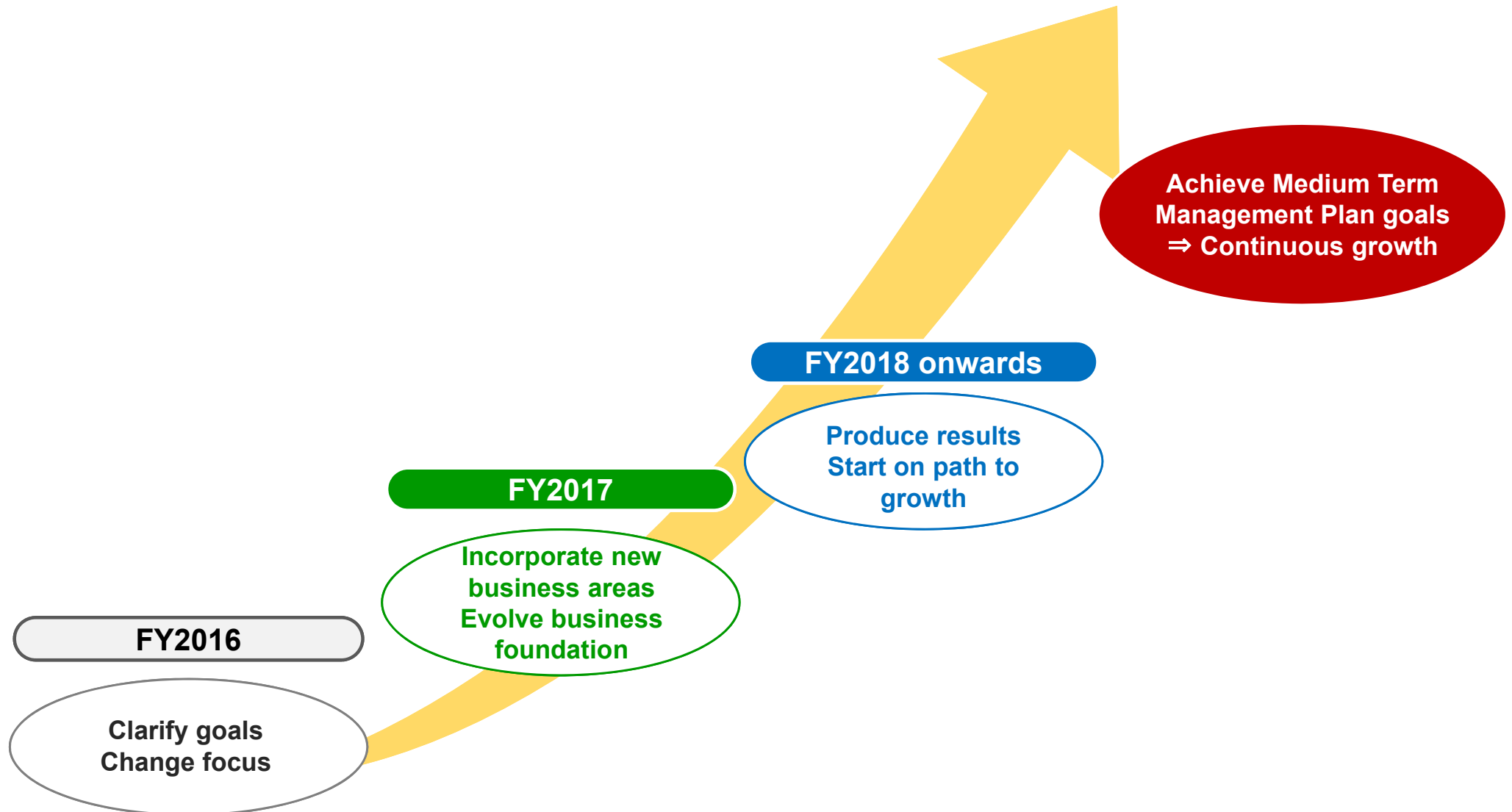
(JPY million)	As of Mar.31, 2016	As of Mar.31, 2017	Change	(JPY million)	As of Mar.31, 2016	As of Mar.31, 2017	Change
Total current assets	20,889	15,661	(5,227)	Total current liabilities	6,809	5,647	(1,162)
Cash and deposits	13,131	7,922	(5,209)	Accounts payable-other	2,264	2,241	(22)
Notes and accounts receivable-trade	4,670	4,663	(6)	Income taxes payable	1,457	714	(742)
Accounts receivable- other	1,747	1,893	145	Provision for bonuses	1,378	1,042	(335)
Allowance for doubtful accounts	(286)	(274)	12	Provision for point card certificates	168	148	(20)
Other	1,625	1,456	(169)	Other	1,541	1,500	(41)
Total non-current assets	6,433	8,255	1,821	Total non-current liabilities	216	231	14
Property, plant and equipment	933	1,090	156	Total liabilities	7,026	5,878	(1,147)
Intangible assets	3,550	4,822	1,272	Total net assets	20,296	18,038	(2,257)
Investments and other assets	1,949	2,342	393	Equity	20,266	18,013	(2,252)
Total assets	27,322	23,917	(3,405)	Total liabilities and net assets	27,322	23,917	(3,405)

FY2017 Consolidated forecasts

(Million yen)	FY2016 results	FY2017 forecast	YoY
Net Sales	36,979	38,200	+3.3%
Operating income	6,740	6,900	+2.4%
Operating income on net sales	18.2%	18.1%	(0.1 points)
Ordinary income	6,813	6,900	+1.3%
Profit attributable to owners of parent	4,799	4,700	(2.1%)
Basic earnings per share (JPY)	102.25	100.53	(1.7%)
Annual dividends (JPY)	42.00	44.00	+4.8%
ROE	25.1%		

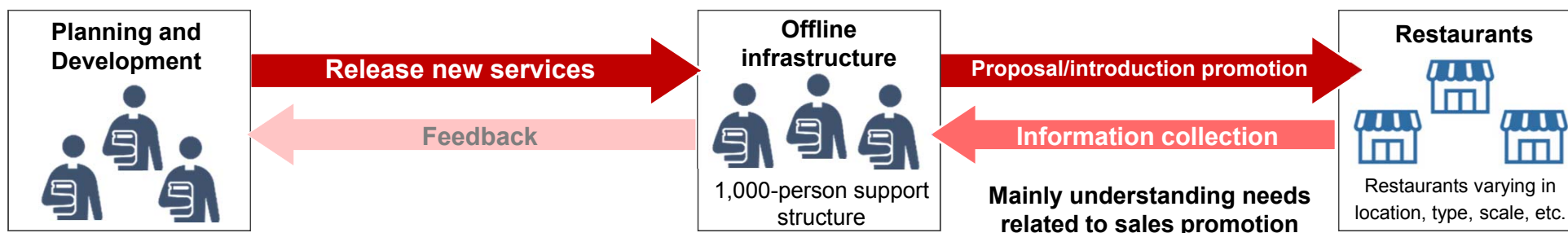
- Costs will continue to be monitored and reduced according to results and effectiveness, operating income on net sales of 18%
- Profit attributable to owners of parent forecasts based on an anticipated corporate tax rate of 32% (Assuming that tax credit for salary growth which has been applied until FY2016 will not be applied.)
- Annual dividends increase in view of the medium-term profit growth
- ROE will be maintained at current levels.

Building the foundation for acceleration of growth from FY2018 onwards

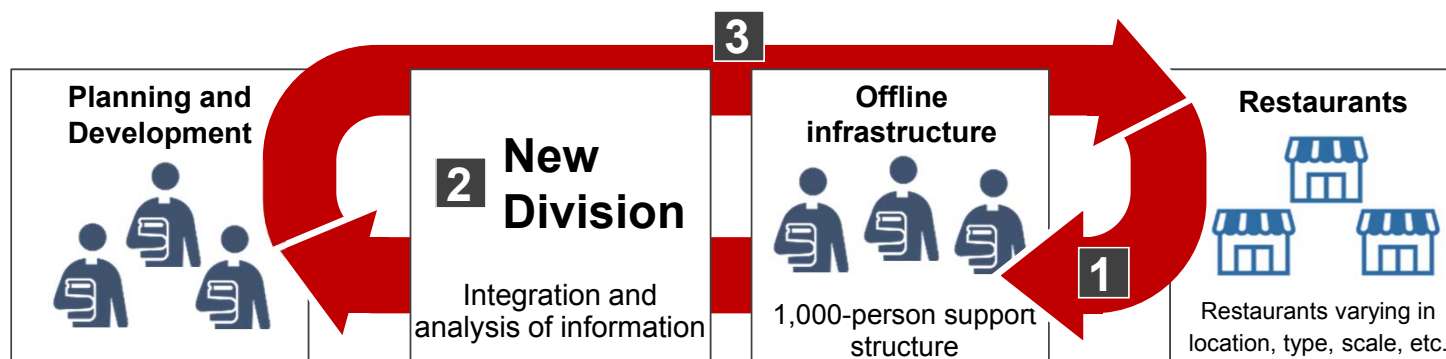


① Enhancement of product development capabilities ~collecting information in various domains~

Previous structure ~understanding needs related to sales promotion~



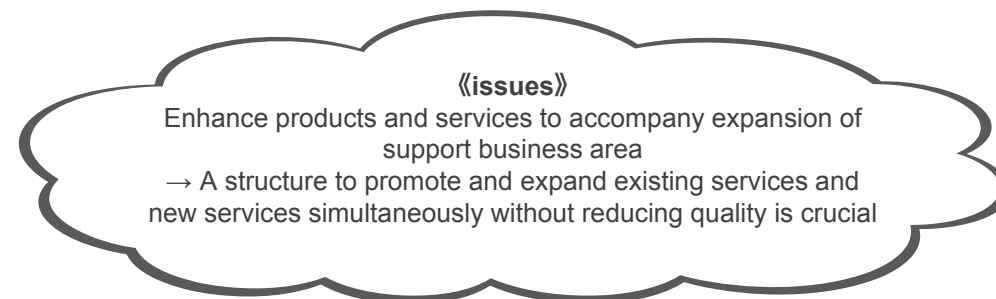
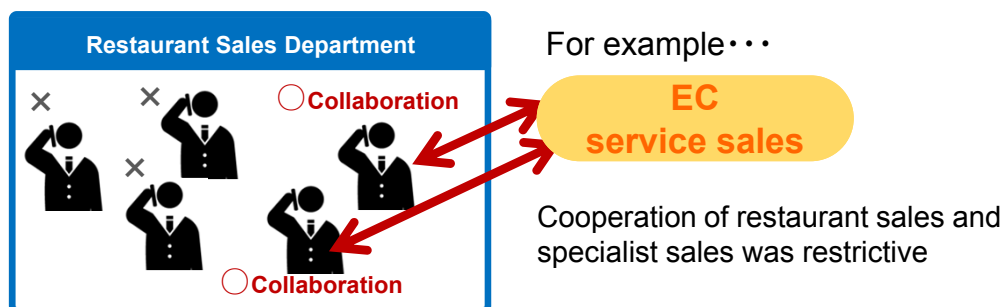
New structure ~understanding various needs of restaurants related to their management~



- 1** Coverage of information collected will be extended to all areas of the restaurant management from the sales promotion area
- 2** Launched an new division responsible for hub function among sales, and planning and development, with gathering, organizing, and analyzing the all information collected
- 3** Develop and provide products and services which restaurants need, related to various areas in addition to sales promotion area

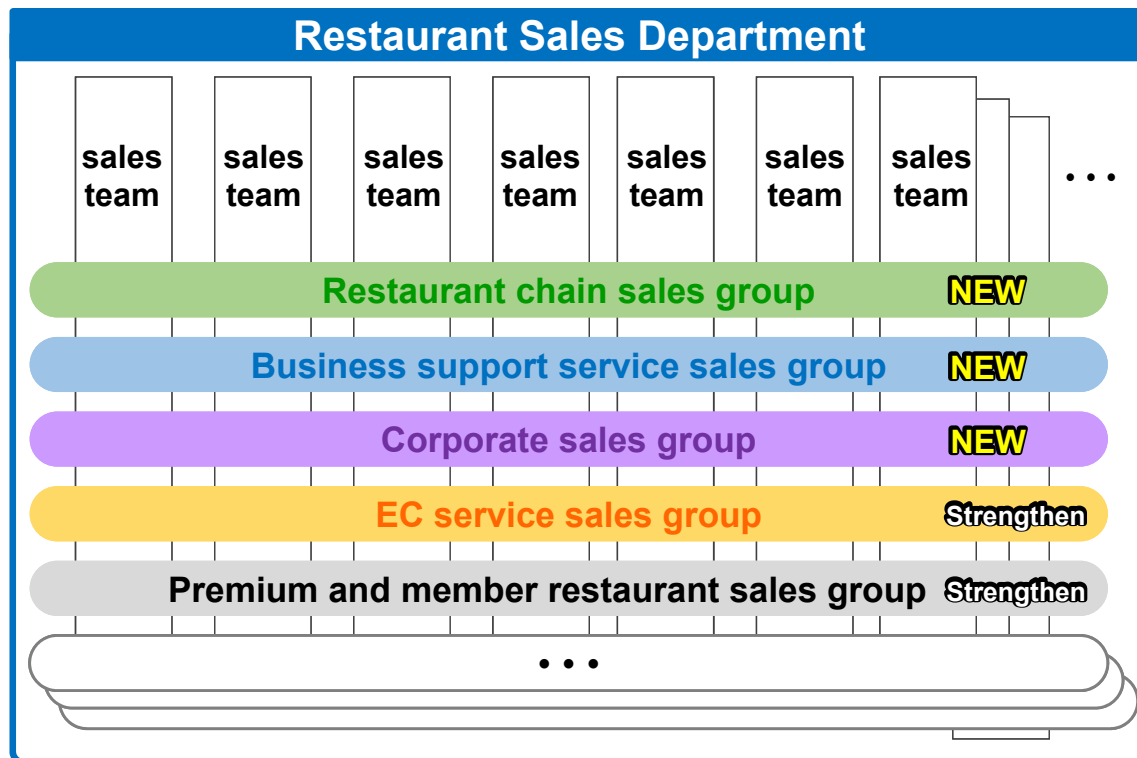
② Strengthening of the sales force ~Sales system for spreading services in addition to existing sales promotion service~

Previous structure ~Collaboration among staff in charge level~



New structure ~Collaboration in organization level~

Establish specialist sales groups within Restaurant Sales department, which are specialized for target customers, and respective services.

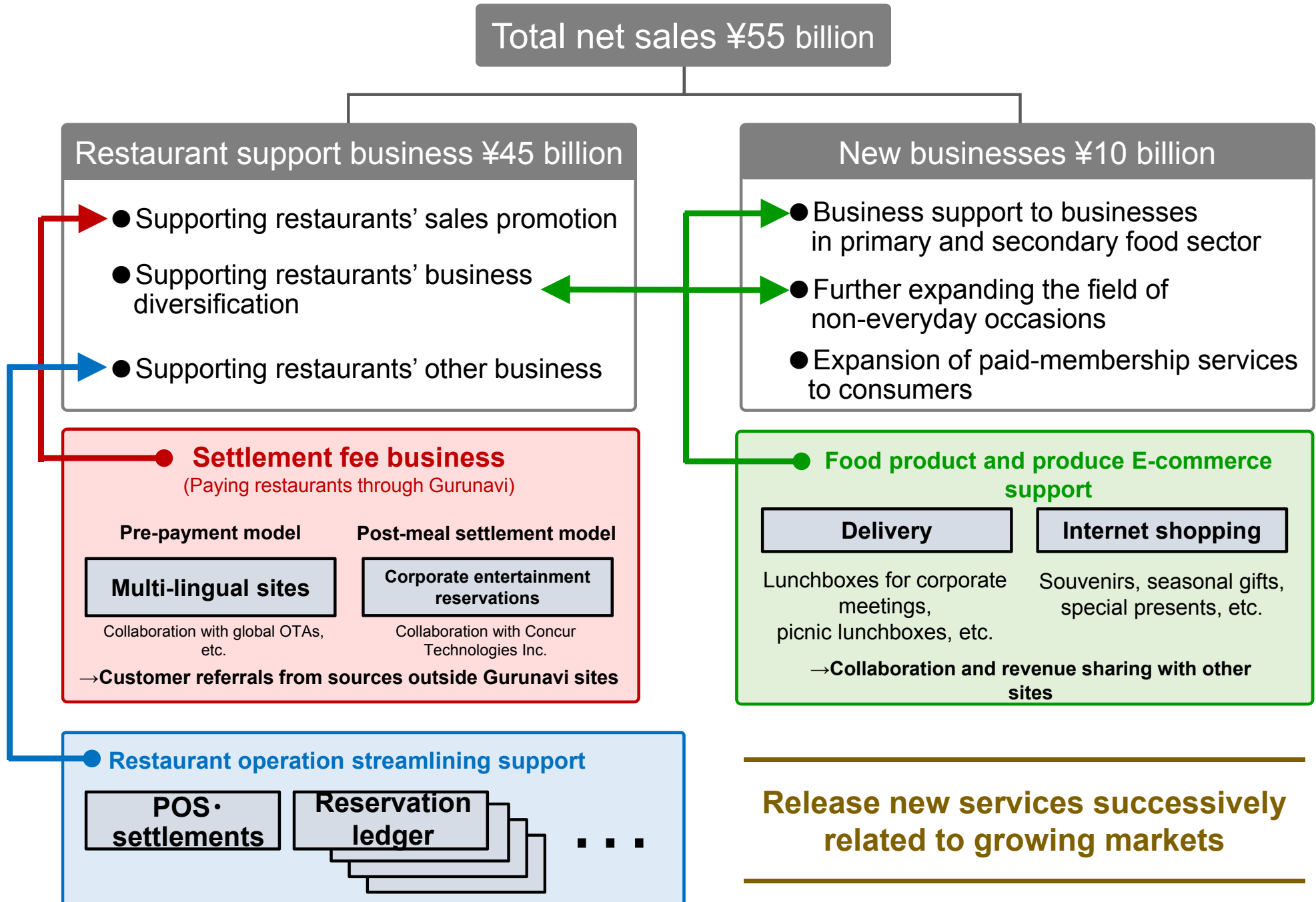


Collaboration among staff in charge level

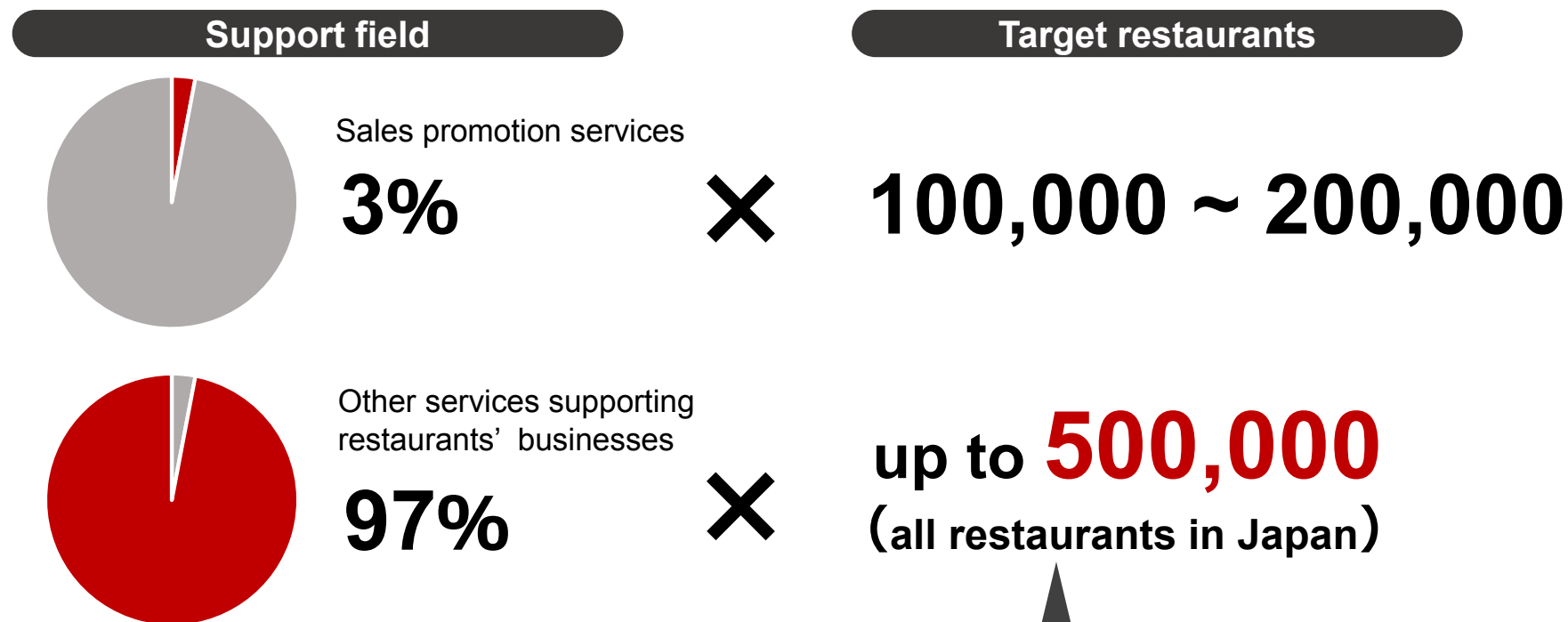


① Establish and strengthen specialist sales system

② Collaboration in organizational level



Our target market will be enlarged by adding new restaurant support businesses



Restaurants' needs

They want to manage system and service supporting their business unitarily

Our aims

We aim to be the de-facto standard in fields of restaurants' business support by providing various business support services comprehensively

- ▶ **Develop services to promote improvement of business efficiency and productivity of the restaurant in various fields in addition to the sales promotion field**



Promoting the spread of services mainly by “Business support service sales group” launched newly

The biggest difference with similar services is the functionality specialized for restaurants



ぐるなび POS+
ポ ス タ ス

The functionality specialized for restaurants

- **To meet the characteristic of the restaurant where the menu categories and menus are various, a registration menu hierarchy is enriched**
 - Smooth order and accounts are possible by arranged registration menu information
 - Detailed menu analysis is possible
- **Management and analysis functions such as the unit price or order contents every table**
 - Planning of sale, the pulling in customers strategy for the sales maximization of each table is possible
- **Management of order and serving of meals is possible in combination with an order entry system (option)**
 - hastens the offer of the dish and reduce labor of the staff by shortening of the movement conducting wire of the order inquiry

Other characteristic

- **Supports a wide variety of restaurant types, from individual restaurants to chains**
 - Count in the headquarters, correspondence to a franchise store, connection to core system are available
- **Full support systems such as lectures of data analysis and utilization by Gurunavi Academy**



Add various functions in line with the needs of the restaurant (plan)

Reservation ledger
collaboration

Settlement by
Gurunavi point

Multi-settlement system
Credit cards, e-money, Chinese mobile
payment systems,
virtual currencies, etc.

Medium- to long-term effects

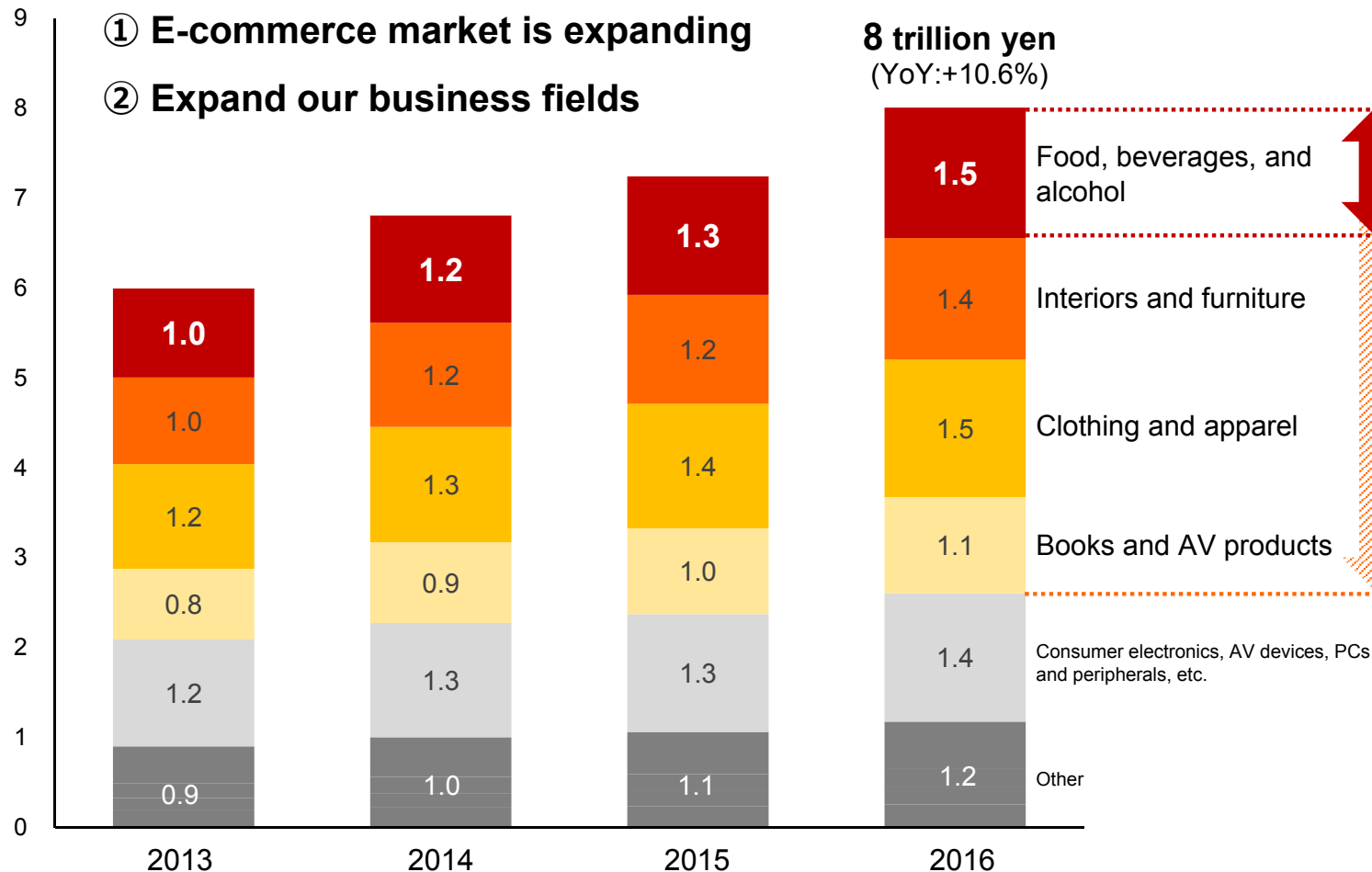
- **Creation of the profit source in various support fields in addition to the sales promotion**
- **Improve membership renewal rates by providing useful tools for increasing productivity**
- **Develop new services that leverage restaurant user histories (bills, settlement, reservations, etc.)**

**Restaurant support
business expansion**

Considering sale of a meal-related product suggesting the rich eating habits

■ B to C e-commerce market size

(Trillion yen)



Reclaim the new needs including a gift and the meal of the auspicious occasion which are not kept in the conventional food-related e-commerce market with non-everydayness and high quality products as a driving force

**Main field
1.5 trillion yen**

The market size of the target domain including the meal-related product which adds color to the daily eating habits, cooking tool, tableware, recipe books is 5,4 trillion yen

Source: Ministry of Economy, Trade, and Industry, Commerce and Information Policy Bureau, Information Economy Division - *Developing infrastructure for a shift to an information and service-based economic society in Japan (online commerce market survey)*

■ Develop EC sites that are discerning about high-quality products

Leverage Gurunavi's unique network* to monetize occasions outside of normal routines such as dining out, and gift giving and celebrations where food is involved

* secretary members : approx. 34,000 chef members : approx. 25,000 food specialist and celebrity : approx. 300

■ Build an EC platform to facilitate service collaborations with external parties

Other companies that run EC sites and the like can freely select products suited to their customers and members from Gurunavi's database and sell them through their sites.

■ Unify billing plans as sales commission-based with no fixed fees

A remuneration plan based on successful revenue lowers membership and start-up hurdles facing operators wanting to launch new stores.

Revenue sharing also facilitates business collaboration with external services.

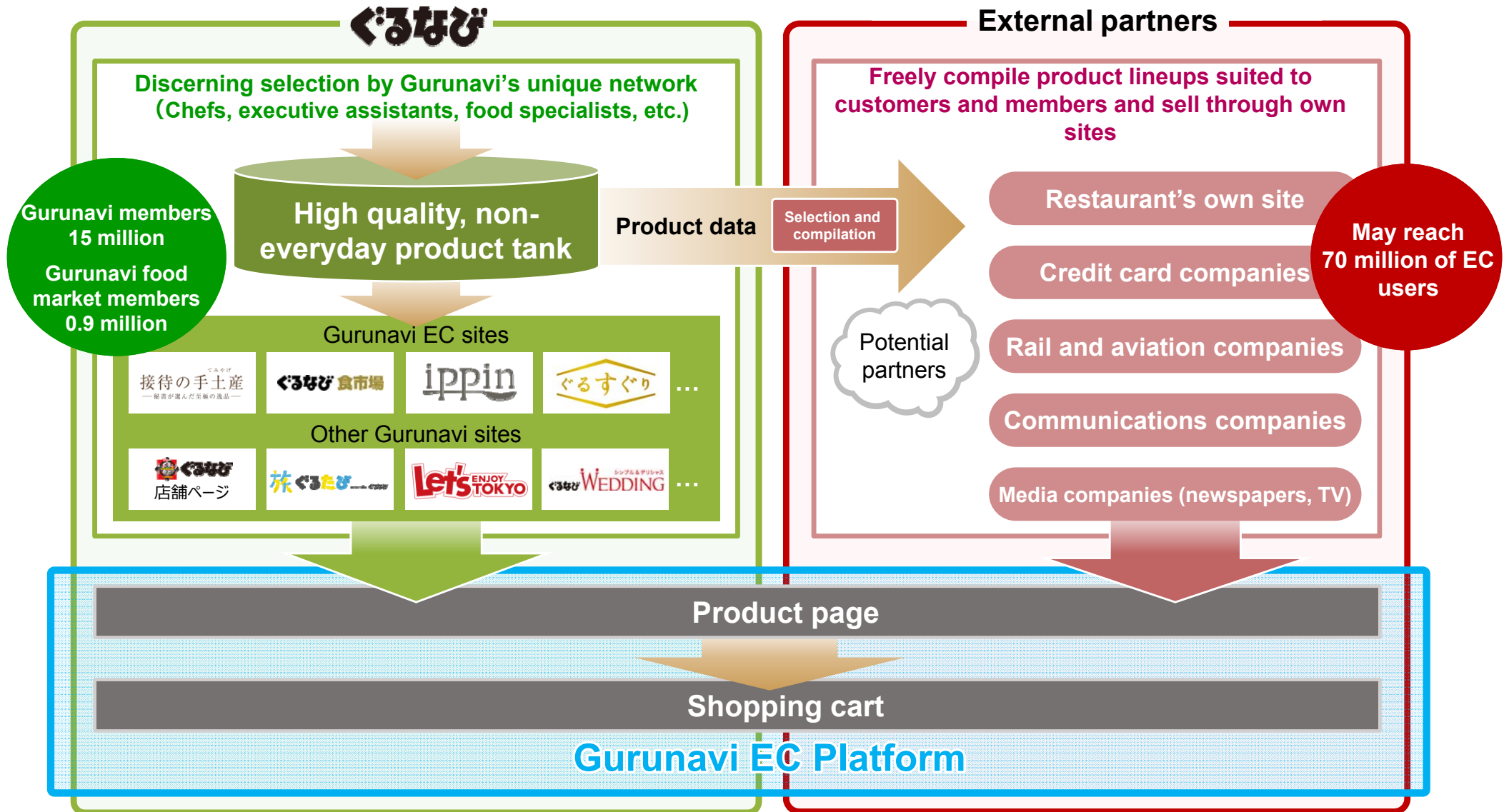


Enhance available products, led by the EC service sales team



Expand external partnerships, led by the corporate sales team





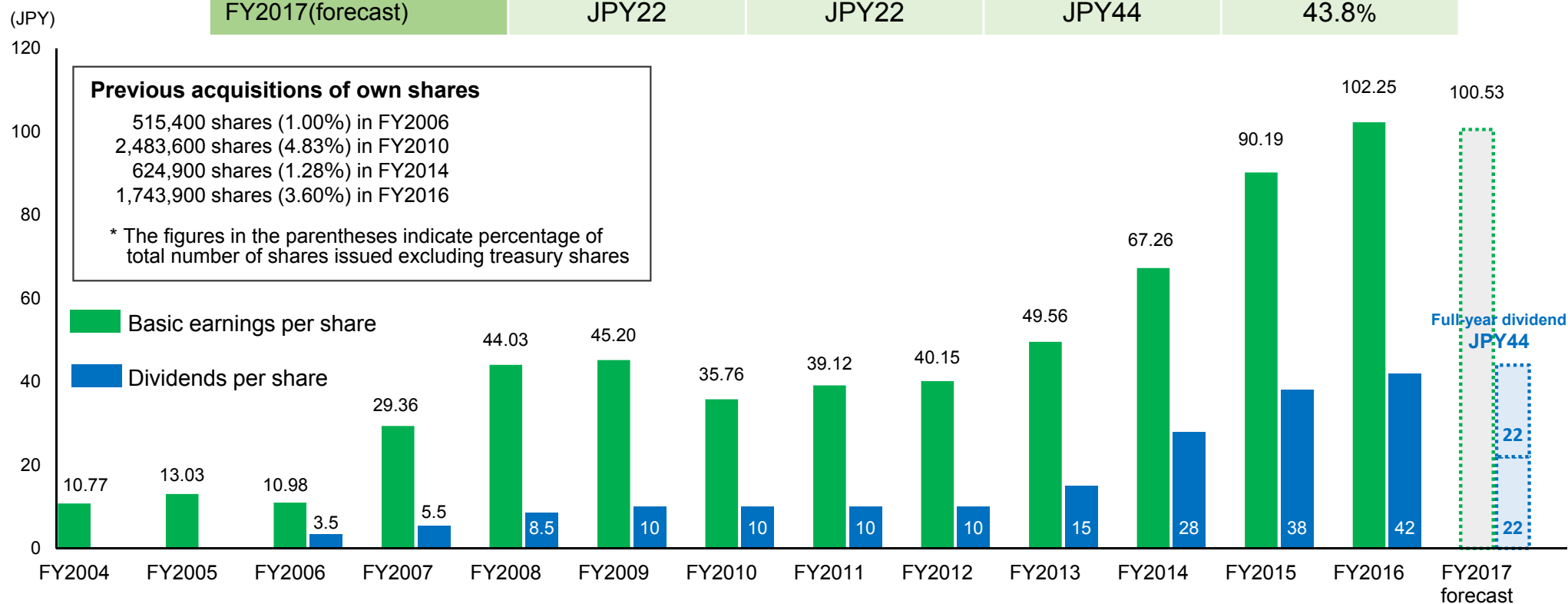
- **External companies...** Can expand product range and enhance customer and member services
- **Restaurant operators...** Can sell their products through multiple related sites with just a Gurunavi contract
- **Consumers...** Can buy products through sites they use every day

■ Distribution to shareholders with a consolidated dividend payout ratio of approximately 40% as standard, while emphasizing ROE.

■ Dividend per share

- FY2016 : Increased year-end dividend by JPY2 per share from JPY20 to JPY22. Full-year dividend: JPY42 per share
Dividend payout ratio: 41.1%
Combined with treasury stock acquisition (JP4,999 million), total return ratio: 145.1%
- FY2015 : Full-year dividend JPY44 per share (interim: JPY22; Year-end: JPY22) Payout ratio: 43.8%

	Interim	Year-end	Year-end	Consolidated payout ratio
FY2016	JPY20	JPY22	JPY42	41.1%
FY2017(forecast)	JPY22	JPY22	JPY44	43.8%



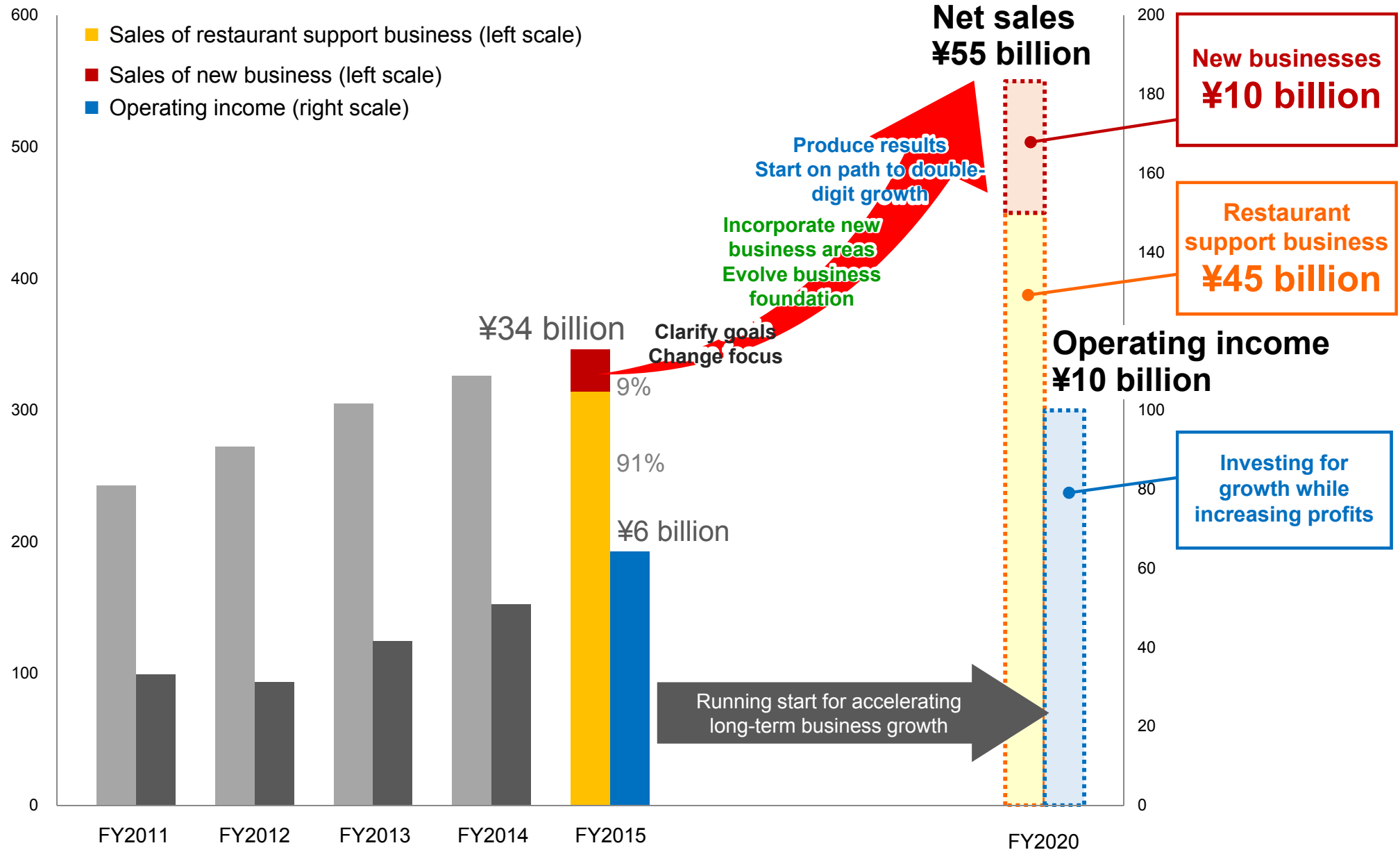
*Gurunavi implemented a 5-to-1 share split on August 19, 2005 and a 100-to-1 share split on April 1, 2011 and a 2-to-1 split on April 1, 2014.
To facilitate comparison, the above graph shows these share splits as having been carried out at the beginning of FY2004.

The medium-term management plan aiming business area expansion **GURUNAVI**

(JPY billion)

10% annual growth

(JPY billion)



Gurunavi will continue evolving to create
a gourmet lifestyle for the 21st century.



Reference materials

● Current state of the Japanese restaurant industry

Market size: JPY16 trillion in 2015, peaked in 1997 at JPY17 trillion

Four consecutive years of growth, backed by increasing spend per customer, increasing number of foreign visitors to Japan, increasing trend in corporate entertainment spending, etc.

Source: Food Industry Research Institute, "Size of restaurant market." Institutional meals, bars, and night clubs are excluded.

Number of restaurants: 510 thousand outlets in 2014, peaked in 1986 at 650 thousand outlets

Sources: 1986 Business Census; 2014 Economic Census for Business Activity

● Competition between restaurants has intensified.

Japan's population has entered into a decreasing phase.

It is essential for restaurants not only to attract new customers, but also to develop repeat customers.

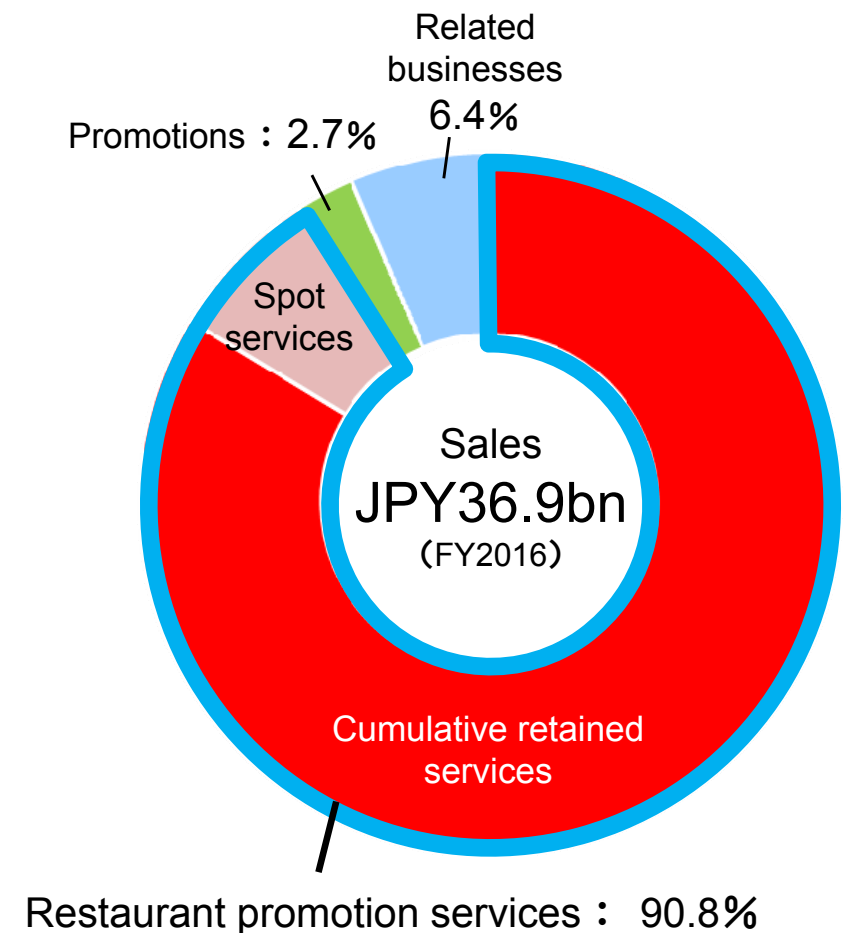
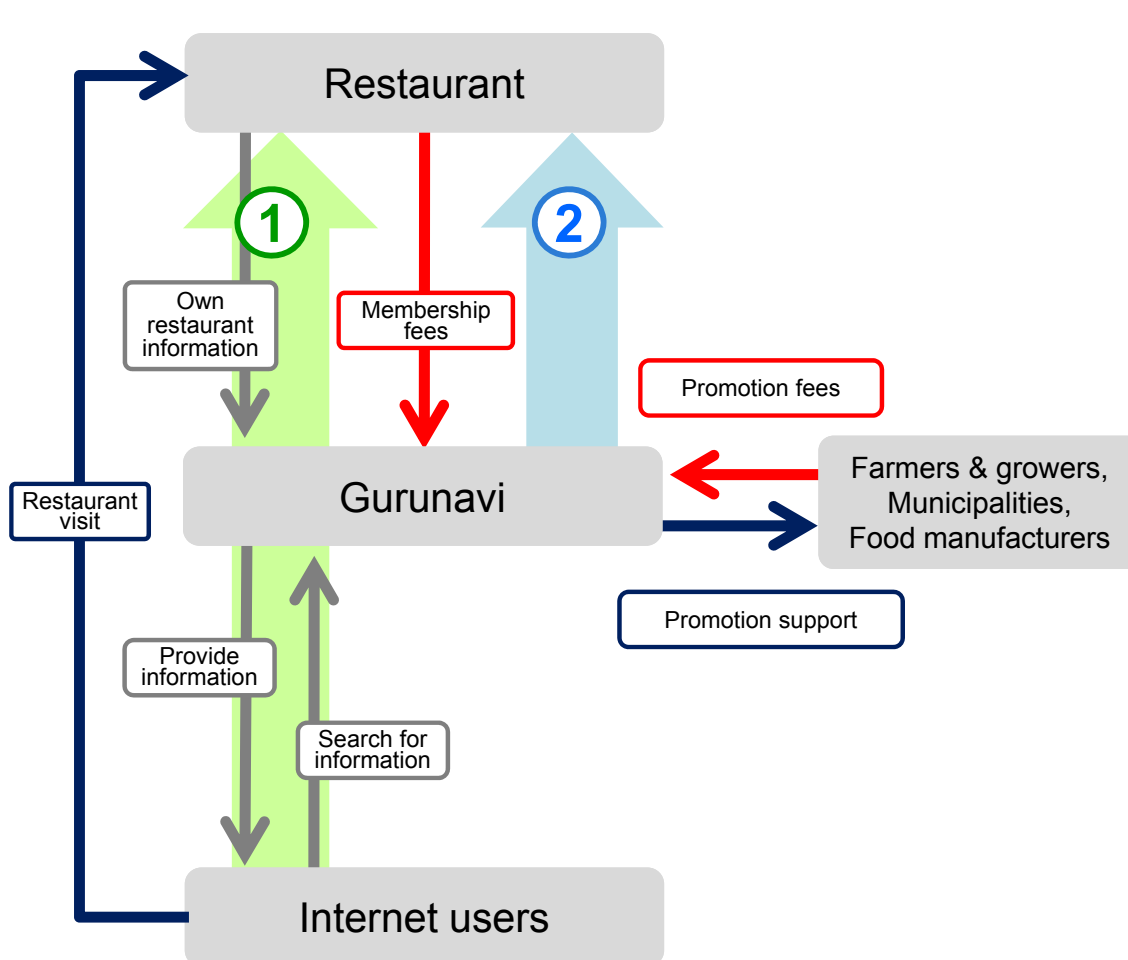


Restaurants who successfully increased sales even within this challenging environment are those who improved the quality and range of their food and beverages.

Source: July 2016 survey of Gurunavi member restaurants

- Offer support through the establishment and integration of two solid business bases

- ① Restaurant support through IT-based business-support platform (online infrastructure)
- ② Restaurant support through 1,000-person support structure (offline infrastructure)



1,000-person support structure (offline infrastructure)



- Providing advice on advertising and promotion and other issues facing member restaurants

Member restaurant sales staff: 400



- Paying regular visits to member restaurants to answer questions and provide detailed support

Visiting staff: 300



- Providing advice to member restaurants in difficulty
- Call center staff have specific skills related to the restaurant industry

Call center: 150



- Holding more than 3,000 lectures annually for restaurant managers and executives, focusing on case studies of success

Gurunavi Academy: 50



- Monthly magazine for member restaurants sharing success stories

Gurunavi Journal

Growth drivers

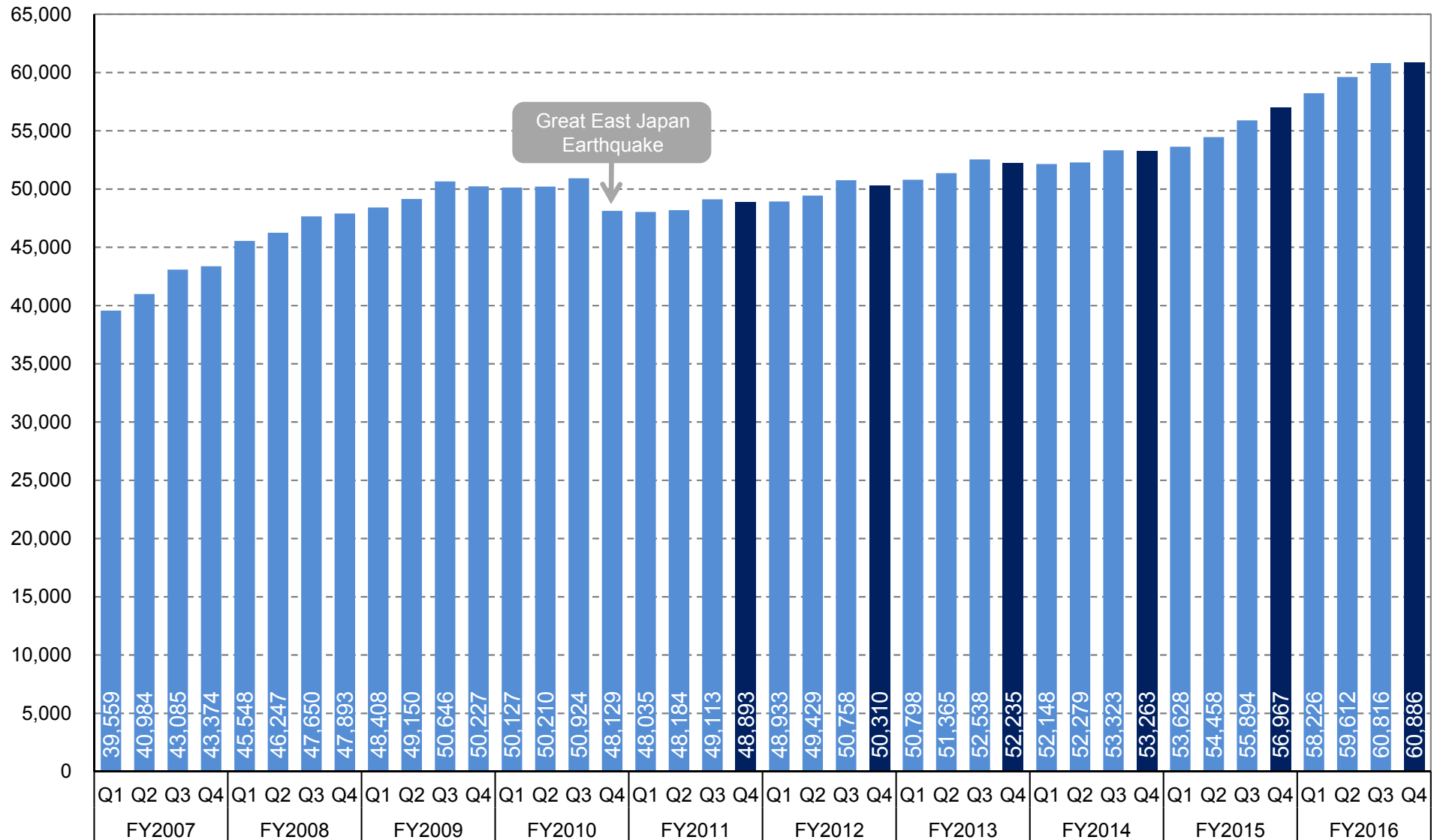
Restaurant promotion business has become firmly established among restaurants and with the exception of FY2011, when the industry was impacted by the Great East Japan Earthquake, sales have grown consistently.

Foundation for future advances

By utilizing this 1,000-person support structure it will be possible to rapidly develop new businesses in areas other than promotion support.

■ Number of member restaurants(paid) **60,886** at the end of March 2017
up by 3,919 from the end of March 2016

(Restaurants)



■ Unique users per month : **61 million**

In December 2016; 57 million users in December 2015

■ Number of Gurunavi members : **14.89 million**

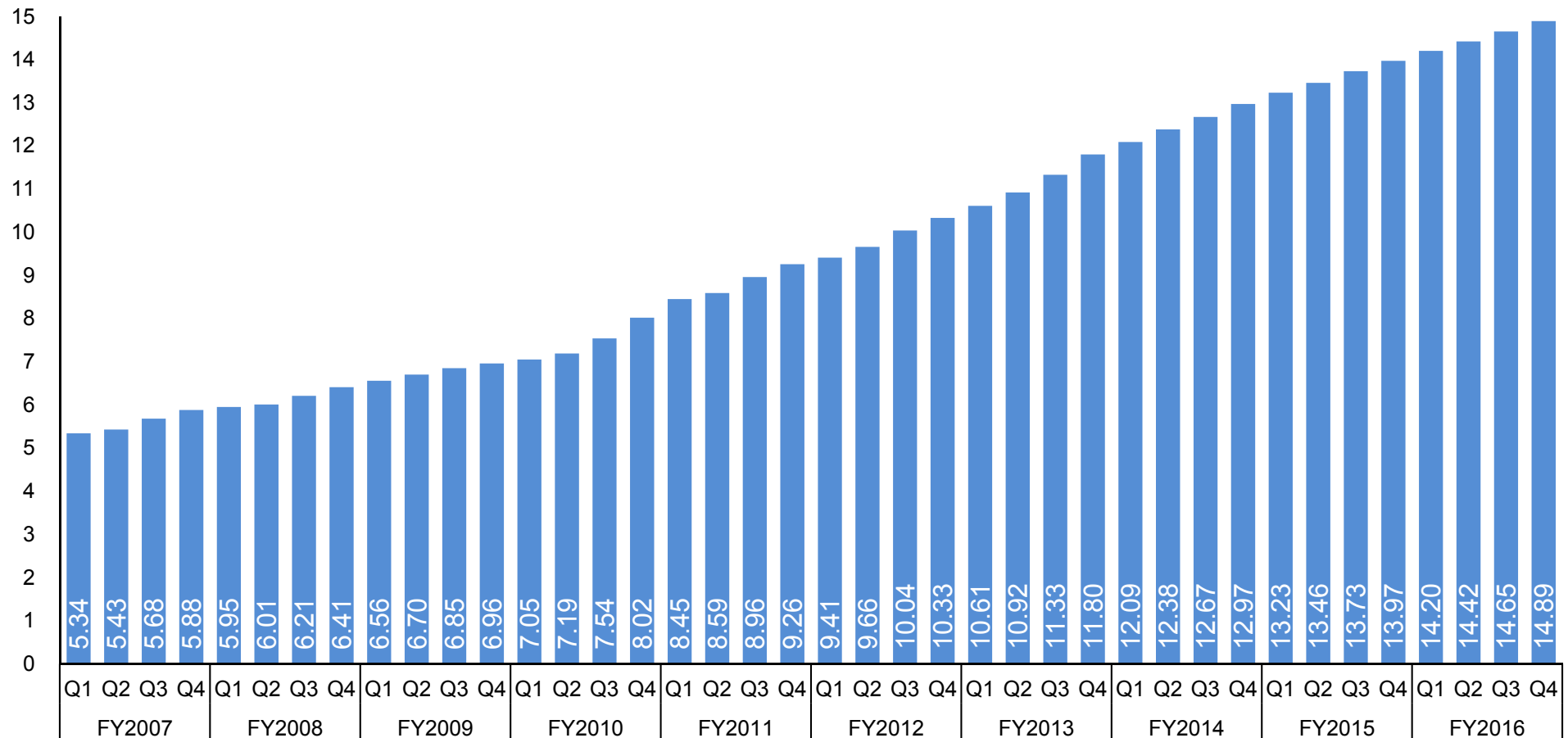
As of April. 1, 2017 ; 13.97million members as of April. 1, 2016

*Unique users per month: Based on browser count

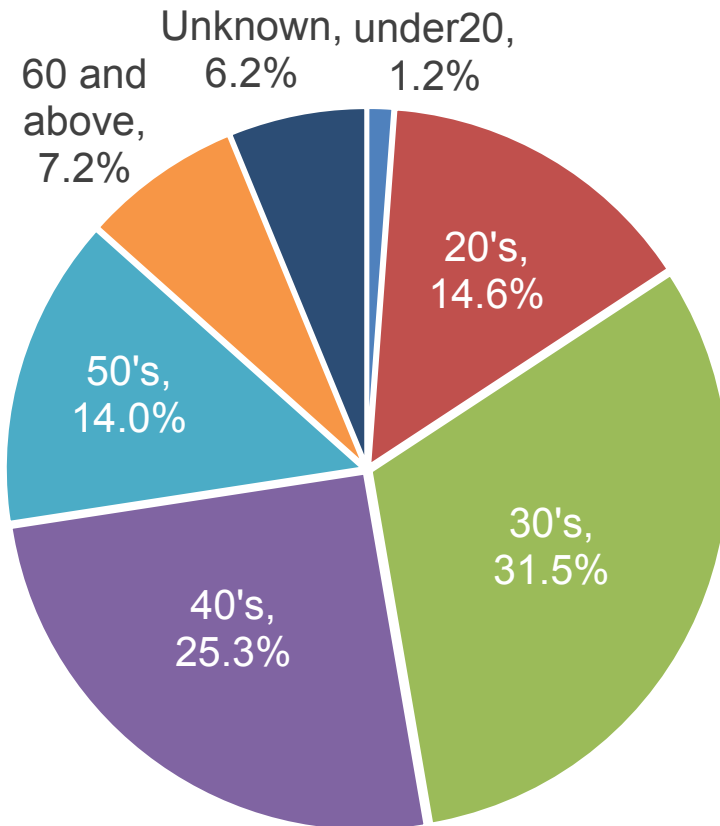
*Gurunavi member: An individual who has registered for membership at Gurunavi

Gurunavi members

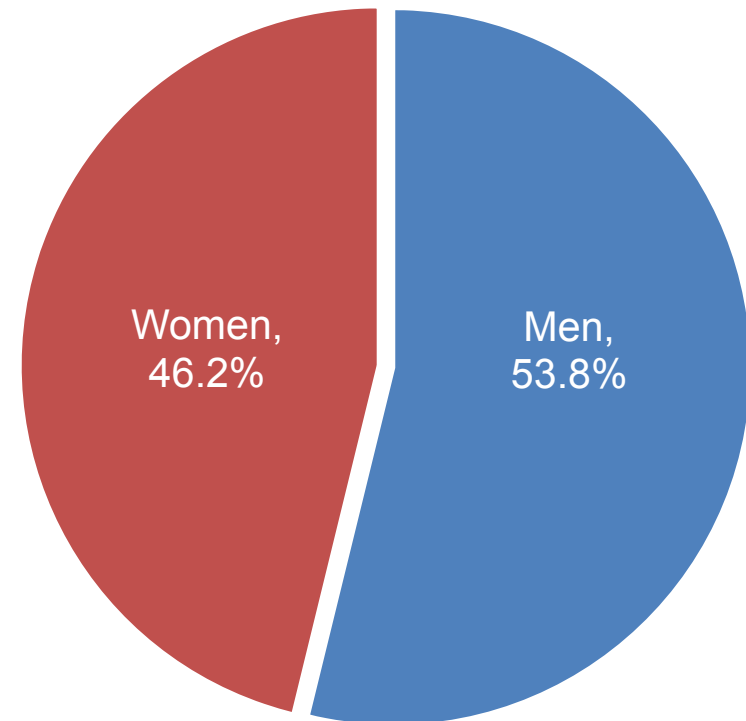
(million people)



User demographics by age



User demographics by sex

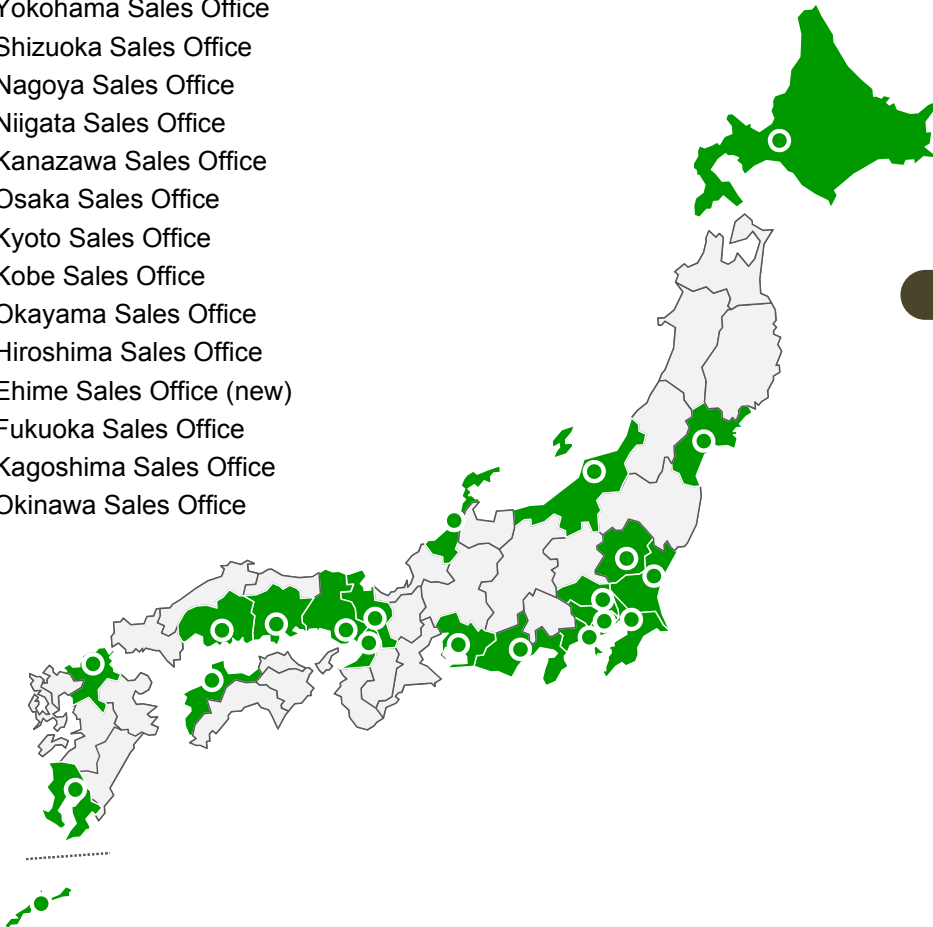


Source: Gurunavi member data (In Mar. 2017)

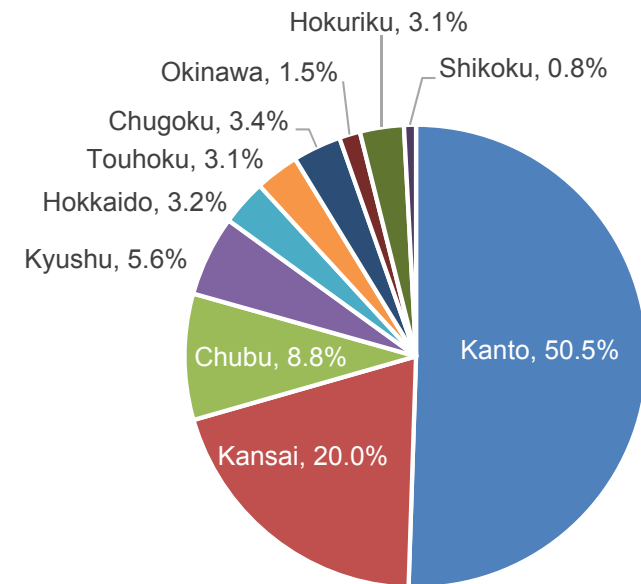
There is little gap between men and women among Gurunavi users, and the site is used by persons from a broad range of age groups. In addition, the results from a survey conducted by the company show that our users tend to select restaurants based on the menu and atmosphere, showing a high grade of customers who are not searching for discounts.

21 sales offices that provide services to local businesses across the country

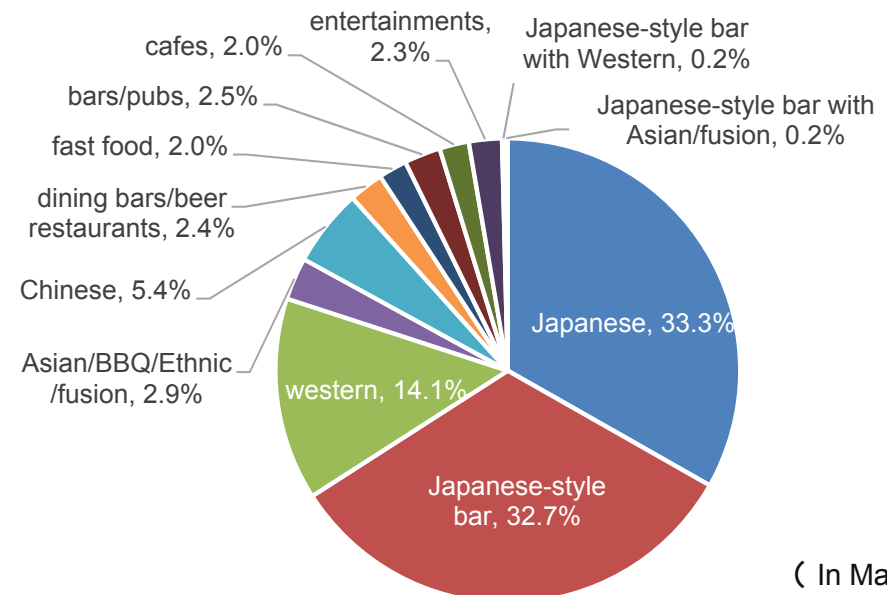
Head Office
Hokkaido Sales Office
Sendai Sales Office
Ibaraki Sales Office
Tochigi Sales Office (new)
Saitama Sales Office
Chiba Sales Office
Yokohama Sales Office
Shizuoka Sales Office
Nagoya Sales Office
Niigata Sales Office
Kanazawa Sales Office
Osaka Sales Office
Kyoto Sales Office
Kobe Sales Office
Okayama Sales Office
Hiroshima Sales Office
Ehime Sales Office (new)
Fukuoka Sales Office
Kagoshima Sales Office
Okinawa Sales Office



Percentage of member restaurants by region



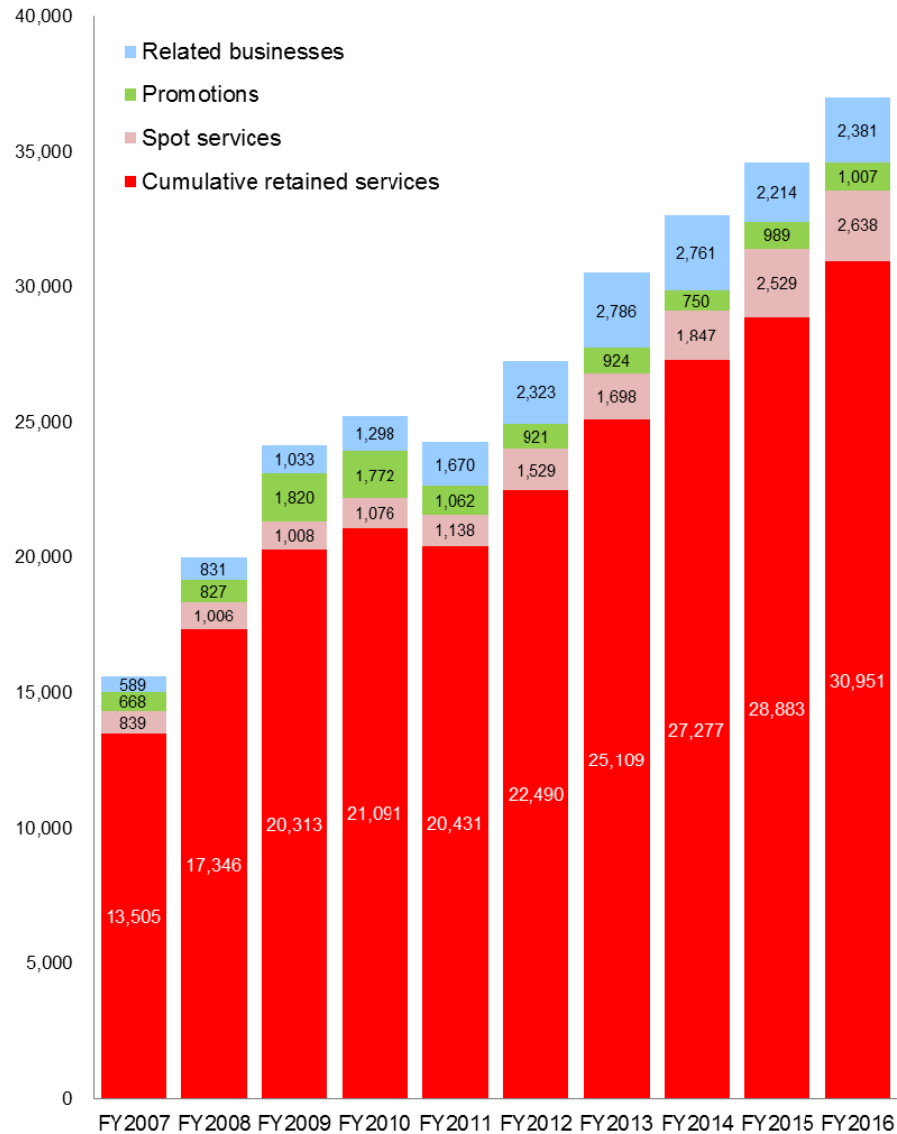
Percentage of member restaurants by restaurant type



(In Mar. 2017)

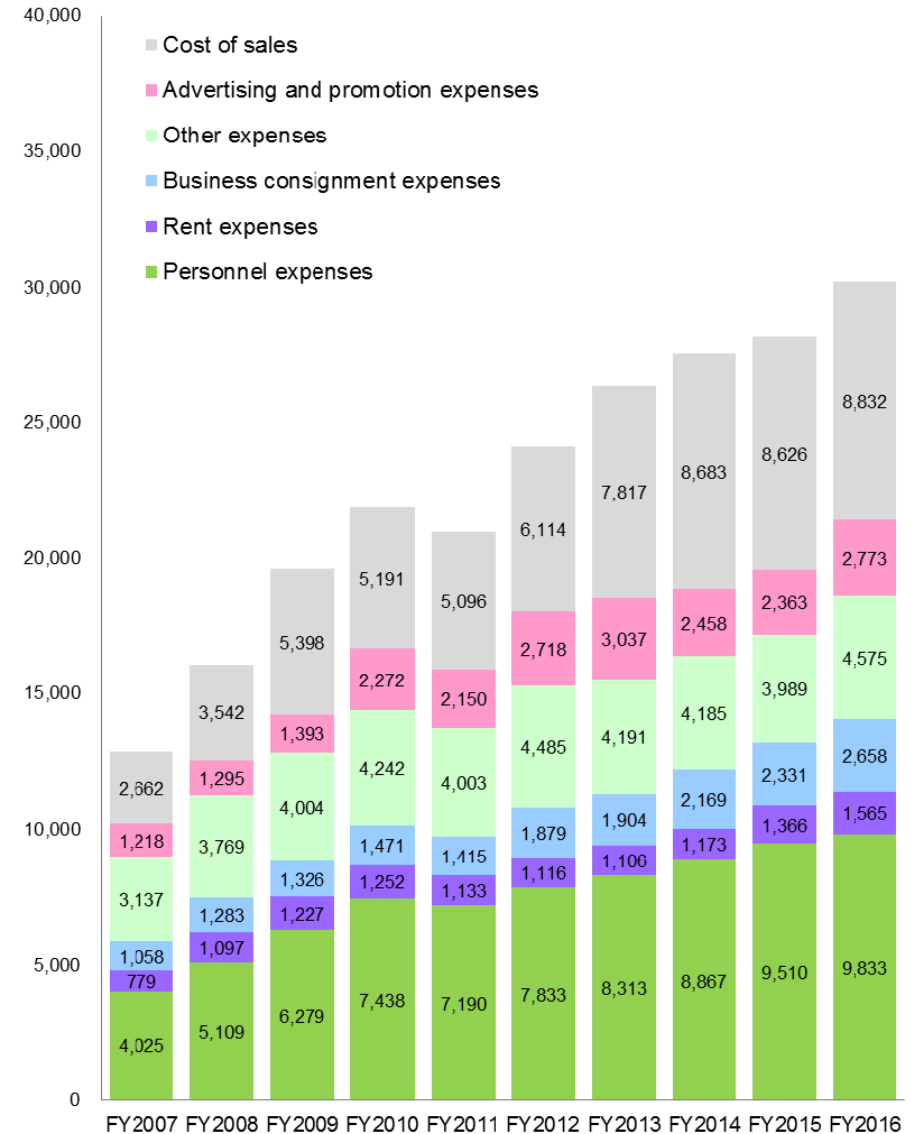
Sales

(JPY million)



Costs & Expenses

(JPY million)



Quarterly sales data (consolidated)

Net sales (Unit: million yen)		Q1 FY2013	Q2 FY2013	Q3 FY2013	Q4 FY2013	Q1 FY2014	Q2 FY2014	Q3 FY2014	Q4 FY2014	Q1 FY2015	Q2 FY2015	Q3 FY2015	Q4 FY2015	Q1 FY2016	Q2 FY2016	Q3 FY2016	Q4 FY2016
Cumulative retained services	a	5,990	6,155	6,428	6,534	6,674	6,728	6,964	6,909	6,973	7,077	7,344	7,487	7,601	7,674	7,880	7,795
Spot services	b	347	372	595	383	278	312	682	573	455	492	895	686	487	596	813	741
Restaurant promotion services	c= a+b	6,338	6,528	7,024	6,917	6,953	7,041	7,647	7,482	7,429	7,569	8,240	8,173	8,088	8,271	8,693	8,536
Promotions	d	101	177	201	444	128	161	177	282	152	213	307	315	155	189	262	399
Core businesses total	e= c+d	6,439	6,705	7,226	7,361	7,082	7,203	7,824	7,765	7,582	7,783	8,547	8,489	8,243	8,460	8,956	8,936
Related businesses	f	633	625	824	703	566	744	829	620	493	494	632	594	520	508	676	676
Total	g= e+f	7,072	7,330	8,050	8,064	7,649	7,947	8,653	8,386	8,075	8,278	9,179	9,083	8,763	8,968	9,633	9,613

(Unit: yen)		Q1 FY2013	Q2 FY2013	Q3 FY2013	Q4 FY2013	Q1 FY2014	Q2 FY2014	Q3 FY2014	Q4 FY2014	Q1 FY2015	Q2 FY2015	Q3 FY2015	Q4 FY2015	Q1 FY2016	Q2 FY2016	Q3 FY2016	Q4 FY2016
Cumulative retained services revenue per restaurant(ARPU)	h *1	39,499	40,169	41,250	41,577	42,630	42,955	43,970	43,216	43,493	43,654	44,368	44,230	43,990	43,420	43,625	42,700
Restaurant promotion services revenue per restaurant(ARPU)	i *2	41,792	42,599	45,069	44,014	44,411	44,951	48,276	46,804	46,335	46,690	49,780	48,283	46,811	46,793	48,126	46,763

*1) Cumulative retained services revenue per restaurant (ARPU): $h=2/3*a/(jt-1+jt)$

*2) Restaurant promotion services revenue per restaurant (ARPU): $i=2/3*c/(jt-1+jt)$

Number of member restaurants (Unit: restaurants)		Q1 FY2013	Q2 FY2013	Q3 FY2013	Q4 FY2013	Q1 FY2014	Q2 FY2014	Q3 FY2014	Q4 FY2014	Q1 FY2015	Q2 FY2015	Q3 FY2015	Q4 FY2015	Q1 FY2016	Q2 FY2016	Q3 FY2016	Q4 FY2016
Basic paying member restaurants	j	50,798	51,365	52,538	52,235	52,148	52,279	53,323	53,263	53,628	54,458	55,894	56,967	58,226	59,612	60,816	60,886
Non-paying member restaurants	k	71,364	70,458	71,317	74,076	73,795	74,438	75,531	77,039	76,834	77,287	77,098	81,826	81,529	83,182	82,466	87,019

Historical data (consolidated)

(Unit: million yen)	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Consolidated business results										
Net sales	15,602	20,011	24,175	25,238	24,302	27,265	30,518	32,636	34,617	36,979
Operating income	2,720	3,913	4,545	3,369	3,312	3,116	4,147	5,099	6,429	6,740
Ordinary income	2,742	3,984	4,578	3,406	3,375	3,153	4,167	5,127	6,492	6,813
Net income	1,505	2,259	2,323	1,813	1,909	1,959	2,420	3,279	4,367	4,799
Assets・Liabilities・Net assets										
Total assets	10,709	12,929	15,309	19,653	16,951	19,103	22,071	23,665	27,322	23,917
Cash and deposits	4,371	4,711	5,531	10,398	7,548	7,399	9,448	10,492	13,131	7,922
Liabilities	2,906	3,191	3,895	8,519	4,381	5,005	5,926	6,201	7,026	5,878
Interest-bearing debt	-	-	-	4,500	-	-	-	-	-	-
Net assets	7,802	9,738	11,413	11,133	12,569	14,098	16,145	17,464	20,296	18,038
Equity	7,791	9,729	11,413	11,133	12,555	14,042	16,099	17,427	20,266	18,013
Per share data										
Earnings per share ^{*1}	29.36	44.03	45.20	35.76	39.12	40.15	49.56	67.26	90.19	102.25
Dividends per share(JPY) ^{*1}	5.5	8.5	10	10	10	10	15	28	38	42.00
Other										
Operating margin(%)	17.4	19.6	18.8	13.4	13.6	11.4	13.6	15.6	18.6	18.2
Return on equity(%)	21.1	25.8	22.0	16.1	16.1	14.7	16.1	19.6	23.2	25.1
Operating income to total assets(%)	16.1	17.9	16.5	10.4	10.4	10.9	11.8	14.3	17.1	18.7
Payout ratio(%)	18.7	19.3	22.1	28.0	25.6	24.9	30.3	41.6	42.1	41.1
Shareholders' equity ratio(%)	72.8	75.2	74.6	56.7	74.1	73.5	72.9	73.6	74.2	75.3
Number of shares of treasury stock	2,779	2,779	2,779	15,854	1,585,400	1,585,400	1,503,649	266,059	216,459	1,924,559
Number of member restaurants (paid)	43,374	47,893	50,227	48,129	48,893	50,310	52,235	53,263	56,967	60,886

*1:Gurunavi implemented a 5-to-1 share split on April 1, 2011 and a 2-to-1 split on April 1, 2014. Calculated on the assumption that these share split were conducted at the beginning of FY2007(April 1, 2007).

Company profile as of the end of March 2017

Name	Gurunavi, Inc. (stock code: 2440)
Establishment	October 2, 1989 (incorporated) February 29, 2000 (Gurunavi, Inc. established)
Head office	1-2-2, Yurakucho, Chiyoda-ku, Tokyo
Capital	2,334 million yen (Number of shares issued: 48,675,100 shares)
Business description	Provision of internet-based advertising, marketing support and other support services to restaurants
Directors	Representative director & Chairman: Hisao Taki Representative director & President: Seiichiro Kubo Directors: Hisao Iizuka, Miho Saito, Kiyoshi Suzuki, Akihisa Fujita, Midori Kakiuchi, Teruhisa Yamada, Koichi Tsukihara, Yoichi Minami
Top 10 shareholders (as of September 30, 2016)	Hisao Taki 26.68%, Japan Traffic Culture Association 3.83%, The Master Trust Bank of Japan, Ltd. (trust account) 3.79%, State Street Bank and Trust Company 3.38%, Japan Trustee Services Bank, Ltd. (trust account) 3.12%, Odakyu Electric Railway Co, Ltd. 2.32%, Tokyo Metro Co., Ltd. 2.00%, Japan Trustee Services Bank, Ltd. (trust account 9) 1.94%, Mizuho Trust & Banking Co., Ltd. retirement benefit trust (Keihin Electric Express Railway account) re-trust trustees, Trust & Custody Services Bank, Ltd. 1.85%, Hiroko Taki 1.74% *Treasury shares 3.95%
Total Number of shareholders	9,361
Number of total personnel	Non-consolidated: 1,825 Consolidated: 2,099
Consolidated subsidiaries	Gurunavi Promotion Community, Inc. (100%), Gurunavi Shanghai, Inc. (100%) Gurunavi Research Institute, Inc. (100%), Gurunavi Support Associe, Inc. (100%)



Gurunavi, Inc.

<http://www.gnavi.co.jp/>

Gurunavi IR contact information

<https://ssl.gnavi.co.jp/company/english/contact/>

Disclaimer: This document is not intended for offering investments in the securities issued by the Company, but for providing information on the results in the fiscal year ending March 31, 2017. The document has been prepared based on data available at the end of March 2017.

The views and forecasts included in the document reflect judgments of the Company when the document was prepared. The Company will not guarantee or ensure the accuracy and completeness of the information, which may be changed without prior notice.

